Economic Development

OVERVIEW

PERFORMANCE REPORT

for the period ending March 31, 2007

The *Departmental Performance Report for the period ending March 31, 2007* (DPR) gives an account of the results achieved by the Economic Development Agency of Canada for the Regions of Quebec against the performance commitments set out in the *Report on Plans and Priorities 2006-2007*.

The DPR reports on these achievements as they relate to the Agency's main priorities and to the two strategic outcomes sought during this period, namely *Vitality of communities* and *Enterprises' competitiveness*.

The DPR also draws links with the human and financial resources needed to attain these results.

In Fall 2006, the Minister announced six new initiatives and measures particularly targeted to devitalized regions and direct assistance to SMEs:

- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Community Economic Facilities for the Regions support measure
- Venture Capital Fund for Business Startups in the Regions
- Capital Fund for Business Succession
- Partnering with Enterprises for Commercialization
- Advisory committees

Canada Economic Development for Quebec Regions
Développement économique Canada pour les régions du Québec

The Agency in ACTION

The Agency's mandate is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In its efforts to contribute to Canada's performance through strong economic growth, the Agency is supported by its network of 14 business offices and its partnership with enterprises, the majority of them SMEs, and non-profit organizations.

During Fiscal Year 2006-2007, the Agency targeted two strategic outcomes

- ***Vitality of communities***

  Make communities more dynamic so that they enjoy a better socio-economic outlook and maintain and develop their economic activity base.

- ***Enterprises' competitiveness***

  Strengthen conditions conducive to the sustainable growth and competitive positioning of SMEs and the regions by increasing the capability of SMEs, networks, innovation and knowledge.

through an integrated approach to regional development

- ***Global:*** take economic, social, cultural and environmental dimensions into account in the design of policy, programs and initiatives.
- ***Territorial:*** establish strategies geared to the type of area defined in terms of similar socio-economic issues.
- ***Horizontal:*** build on cooperation and collaboration with federal partners, the Government of Quebec and Quebec communities.
- ***Participatory:*** elicit participation by the economic agents concerned.

by using its human and financial resources

- 417 full-time employees
- total actual expenditures in 2006-2007: $364,899,000

by eliciting and supporting development

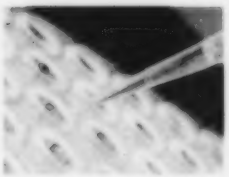
- through the provision of guidance and advisory services
- through the drafting of analyses of issues, forward-looking studies, referrals and information
- through the offer of financial assistance programs

so as to

- develop the capabilities, competencies, know-how and business networks of local and regional entrepreneurs and economic agents
- facilitate participation by economic agents in the design and implementation of a strategic vision, plan and projects for the development of their region.

The Agency's PRIORITIES

The Agency established four priorities for 2006-2007, two of them in reference to its programs and two to its management.



Program priorities

Priority #1

To help regions and communities in transition by implementing

- the ***Community Economic Diversification Initiative – Vitality*** to support communities facing economic devitalisation and posting a low vitality index
- the ***Community Economic Facilities for the Regions*** support measure to reinforce their economic activity and thus facilitate their economic diversification
- the ***Venture Capital Fund for Business Startups in the Regions*** to support the development of new enterprises and to devote special effort to keeping young people in the regions
- the ***Capital Fund for Business Succession*** to help entrepreneurs purchase existing enterprises and ensure that these continue to be operated in their area of origin.

Priority #2

To reinforce the performance of innovative SMEs in key sectors

- by strengthening the strategic capability of enterprises so that they can take advantage of the opportunities represented by emerging markets and meet the competition
- by implementing the ***Partnering with Enterprises for Commercialization*** measure to facilitate enterprises' development of international business activities.

Management priorities

Priority #3

To reinforce departmental capacity to develop policy and design programs

- by creating a directorate responsible for policy development and program design
- by devoting considerable effort when designing programs to analysing issues and trends, evaluating existing programs and policy, consulting with experts, training staff and preparing tools to facilitate program implementation
- by developing three new programs in line with the Agency's strategic directions approved in May 2006
- by implementing six new initiatives announced by the Minister to provide more effective support to SMEs and devitalized regions.

Priority #4

To equip the Agency with processes and systems required to ensure increased results-based management capability

- by continuing implementation of integrated planning
- by introducing a new Program Activity Architecture to update its *Management, Resources and Results Structure*
- by revising its operating methods to include, among other things, an organizational restructuring and the development of an activity-based costing system
- by pursuing implementation of the *Management Accountability Framework*.

Agency's overall PERFORMANCE

Main results observed as at March 31, 2007

2,261 projects carried out by organizations and enterprises with Agency support are in progress

Commercialization and export indicators	307 new enterprises are exporting their products or services 715 enterprises made sales on new markets
Innovation and productivity indicators	1,095 enterprises developed an innovation action plan 901 enterprises designed a new product or improved an existing product 149 enterprises developed higher-performance processes 401 enterprises developed new products or services ready to be commercialized 14 enterprises obtained a patent
Business growth indicators	2,777 enterprises are in pre-startup, startup or expansion 94 enterprises modernized or expanded their facilities or upgraded their equipment 169 enterprises increased their sales 219 enterprises increased their profitability 248 enterprises improved their competitive position
Employment indicator	More than 18,000 jobs were created, maintained or transformed
Indicator of regions' and communities' dynamism	775 local or regional development strategies or projects were designed or implemented in Quebec regions and communities
Incentive nature of Agency financial assistance	More than 97% of promoters could not have carried out their project without Agency financial assistance or could not have carried it out on the same scale or within the same timeframe
Leverage effect in the regions of Quebec	$1 from the Agency → $3.17 in investment

Resources invested to generate the results indicated above

Total expenditures of $744,582,000 were incurred in order to support projects in progress (including prior year spending). This figure includes actual expenditures of $316,125,000 for Fiscal Year 2006-2007. The *Report on Plans and Priorities 2006-2007* projected expenditures of $331,165,000. The resources invested do not include operating expenditures.

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